

VINERGY CAPITAL INC.

(the "Company")

FORM 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED NOVEMBER 30, 2022

The following Management's Discussion and Analysis, prepared as of January 30, 2023, should be read together with the unaudited condensed interim financial statements for the nine months ended November 30, 2022, and the related notes and the audited financial statements for the year ended February 28, 2022, and the related notes. These financial statements and MD&A include the results of operations and cash flows for the nine months-ended November 30, 2022, and the reader must be aware that historical results are not necessarily indicative of the future performance. All amounts are reported in Canadian dollars.

The aforementioned documents and additional disclosures pertaining to the Company's press releases and other information are also available on the SEDAR website www.sedar.com.

Certain statements contained in this interim management discussion and analysis may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts but are forward-looking statements. Such forward-looking statements are subject to both known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the receipt of required regulatory approvals, the availability of sufficient capital, the estimated cost and availability of funding for the continued exploration and development of The Company's prospects, political and economic conditions, commodity prices and other factors.

Description of Business

Vinergy Capital Inc. (the "Company" or "Vinergy") was incorporated as Vanguard Investments Corp. on March 20, 2001 under the provisions of the Alberta Business Corporations Act. On May 10, 2011, the Company changed its name to Vinergy Resources Ltd. and continued the Company's registered jurisdiction from Alberta to British Columbia. On July 9, 2019, the Company changed its name to Vinergy Cannabis Capital Inc. On March 9, 2021, the Company changed its name to Vinergy Capital Inc. The Company's head office is located at Suite 1000, 409 Granville Street, Vancouver, BC, V6C 1T2 and its shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "VIN". The Company is an investment issuer.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

On February 22, 2021, the Company announced that it is updating and amending its current investment policy to broaden the spectrum of the types of investments it is focused on to include high-impact and high-growth opportunities in Bitcoin mining, Bitcoin derivatives, digital currencies, digital currency marketplaces and exchanges, and blockchain, amongst other.

Vinergy's portfolio management strategy was modified to take advantage of market opportunities to participate in emerging companies going to IPO or planning to IPO within twelve months. The Company also expanded into the emerging battery metals space such as graphite, copper and lithium and has invested in various public companies in the space as part of its portfolio strategy. The Board of Directors with the Management team has begun to use its network to seek and find opportunities for Vinergy. As a result, Vinergy has invested in the following investments as at November 30, 2022 and February 28, 2022:

VINERGY CAPITAL INC.

Management's Discussion & Analysis

For the nine months ended November 30, 2022

Marketable securities are fair valued at the end of each reporting period. The fair values of the common shares of the publicly traded companies have been directly referenced to published price quotations in an active market. The fair value of investments in private companies is referenced to the most recent equity financing completed by each private company. The investments in listed warrants of public companies are valued using the Black-Scholes option pricing model, with the following assumptions: risk-free rate of 3.64% to 3.86%; volatility of 116% to 119%, expected life of warrant 0.52 to 2.87 years and dividend yield of 0%. The carrying values are marked to market and the resulting gain or loss from marketable securities are recorded against earnings.

Details of the Company's investments are as follows:

	Number of Shares held	Cost \$	Fair value as at November 30, 2022 \$
Public companies:			
Bitcoin Well Inc.	2,000,000	500,000	90,000
Lithium One Metals Inc.	200,000	48,439	80,000
Nurosene Health Inc.	370,000	127,882	62,900
Prospera Energy Inc.	2,000,000	148,950	180,000
Skylight Health Group Inc.	400,000	356,780	224,000
Southern Energy Corp	75,000	60,891	72,000
SPOD Lithium Corp	300,000	84,119	79,500
Ultra Lithium Inc.	500,000	50,105	52,500
Private companies:			
CWE European Holdings Inc.	1,250,000	150,000	150,000
First Person Ltd.	50,000	175,000	316,925
Share purchase warrants	—	—	19,224
Total	7,145,000	1,702,166	1,327,049

During the nine months ended November 30, 2022, the Company disposed of certain investments for total proceeds of \$397,919 and recognized a realized gain of \$141,433. The Company also recognized an unrealized loss of \$294,305 on its investments.

	Number of Shares held	Cost \$	Fair value as at February 28, 2022 \$
Public companies:			
Bitcoin Well Inc.	2,000,000	500,000	260,000
Nurosene Health Inc.	53,500	35,365	36,380
Private companies:			
CWE European Holdings Inc.	1,250,000	150,000	150,000
First Person Ltd.	500,000	175,000	316,925
Share purchase warrants	—	—	16,248
Total	3,803,500	860,365	779,553

CWE European Holdings Ltd.

VINERGY CAPITAL INC.
Management's Discussion & Analysis
For the nine months ended November 30, 2022

During the year ended February 28, 2021, the Company advanced \$150,000 and subscribed to 1,250,000 units of CWE European Holdings Ltd. Each unit is to consist of one common share and one share purchase warrant exercisable at \$0.25 per common share expiring two years from the date of issuance. On March 3, 2021, the units were issued, and the warrants have not been fair valued as there is no active market.

First Person Ltd.

On May 31, 2021, the Company subscribed for 500,000 units of First Person Ltd (formerly known as Leio Wellness Ltd.). Each unit is to consist of one common shares and one half of one share purchase warrant exercisable at \$0.50 per share expiring two years from the date of issuance. On July 14, 2021, the units were issued, and the warrants have not been fair valued as there is no active market. On April 24, 2022, First Person Ltd consolidate its shares on 10:1 basis, and after the share consolidation, Company currently owns 50,000 common shares.

Selected Annual Information

The following table sets forth selected audited financial information of the Company from the last three completed financial years.

	2022	2021	2020
	\$	\$	\$
Total investment income	316,794	–	–
Net loss for the year	(1,205,251)	(718,838)	(2,993,114)
Basic and diluted loss per share	(0.01)	(0.01)	(0.06)
Total assets	2,095,787	299,179	99,954

The net loss for the year ended February 29, 2020, included the impairment of the investment in Phyto of \$476,840 and advances to Phyto and Next Level totaling \$2,199,035. The net loss for the year ended February 28, 2021, includes share-based payment of \$375,816. The net loss for the year ended February 28, 2022, included \$643,383 in share-based payment and realized gain on disposition of marketable securities of \$397,606.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	November 30, 2022	August 31, 2022	May 31, 2022	February 28, 2022
	\$	\$	\$	\$
Total investment income (loss)	6,125	(69,067)	(85,100)	229,695
Net (loss) income for the period	(116,923)	(165,388)	(187,687)	(463,427)
Basic and diluted (loss) income per share	(0.00)	(0.00)	(0.00)	(0.01)

	November 30, 2021	August 31, 2021	May 31, 2021	February 28, 2021
	\$	\$	\$	\$
Total investment income (loss)	377,124	(873,613)	50,000	–
Net (loss) income for the period	(940,668)	444,937	(246,093)	(623,642)
Basic and diluted (loss) income per share	(0.01)	0.04	(0.01)	(0.01)

VINERGY CAPITAL INC.

Management's Discussion & Analysis

For the nine months ended November 30, 2022

The net loss for the quarter ended February 28, 2021, includes \$375,816 in share-based payments. The net loss in May 31, 2021 includes \$240,000 in share-based payments. The net income on August 31, 2021, included a gain on fair value of marketable securities of \$873,220. The net loss on November 30, 2021, included a loss on fair value of marketable securities of \$768,827 and the recognition of share-based payments of \$358,500. The net loss on February 28, 2022, included a loss on fair value of marketable securities of \$80,812. The net loss on May 31, 2022, included a loss on fair value of marketable securities of \$85,375. The net loss on August 31, 2022, included a loss on fair value of marketable securities of \$69,780. The net loss on November 30, 2022, included a realized gain on disposal of investment of \$141,433.

Results of Operations

Three months ended November 30, 2022:

There were no changes in operations for the three months ended November 30, 2022. The Company recorded a net loss \$116,923 as compared to the net loss of \$940,668 for the comparable quarter ended November 30, 2022. Total expenses for the three months ended November 30, 2022, amounted to \$110,991 as compared to \$555,622 for the comparable quarter a decrease of approximately \$445,000.

Share-based payments have decreased to \$Nil as compared to \$358,500 for the comparable quarter as there were no stock options granted in the current quarter as compared to stock options granted and vested in the comparable quarter.

No marketing expenses were incurred in the current quarter as compared to \$42,166 recorded in the comparable quarter. The decrease can be attributed to the discontinuation of the investor marketing program provided by Octagon Media Corp in the comparable quarter.

Consulting fees have decreased to \$91,107 as compared to \$109,714 for the comparable quarter. During the quarter, the Company did not hire any new consultants.

During the current quarter, the Company recognized a total investment income of \$6,125 as compared to a total investment loss of \$377,141 for the comparable quarter. The majority of the decline in total investment income is a lower unrealized loss on revaluation of its investment.

Nine months ended November 30, 2022:

There were no changes in operations for the nine months ended November 30, 2022. The Company recorded a net loss \$469,998 as compared to the net loss of \$741,824 for the nine months ended November 30, 2021. Total expenses for the nine months ended November 30, 2022, amounted to \$282,102 as compared to \$1,253,965 for the nine months ended November 30, 2021 a decrease of approximately \$972,000.

During the nine months ended November 30, 2022, there were no share-based payments recorded as compared to \$598,500 for the comparable period. There were no new stock options granted during the period as compared to 4,800,000 stock options granted in the comparable period. Share-based payments is a non-cash transaction.

Consulting fees decreased from \$410,167 to \$243,822 for the nine months ended November 30, 2022. During the period, the Company did not hire new consultants and paid \$214,250 to directors and offices of the Company, see related party section for details.

Marketing fees have decreased from \$161,491 to \$Nil for the nine months ended November 30, 2022. The decrease can be attributed to the discontinuation of the investor marketing program provided by Octagon Media Corp in the comparable period.

During the nine months ended November 30, 2022, the Company recognized a total investment loss of \$148,042 as compared to total investment income of \$546,459 for the comparable period to dated. The decrease can be attributed to the recognition of \$294,305 in unrealized loss on revaluation of its investment in the current period as compared to \$154,393 in unrealized gain for the comparable period. The Company

VINERGY CAPITAL INC.
Management's Discussion & Analysis
For the nine months ended November 30, 2022

also recognized \$141,433 in realized gain in the current period as compared to \$392,066 in the comparable period.

Fourth Quarter

N/A

Liquidity and Capital Resources

As at November 30 2022, the Company had cash of \$166,078 and a working capital deficiency of \$1,205,968 (February 28, 2022 working capital deficiency of \$38,474).

The Company believes that the current capital resources are not sufficient to pay overhead expenses for the next twelve months and will need to seek additional funding to fund its overhead expenses and its future investments. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants and loans payable to fund ongoing operations and investment or liquidating its investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

Operating activities

During the nine months ended November 30, 2022, the Company's operating activities used cash of \$279,651 as compared \$661,467 used in November 30, 2021.

Investing activities

During the nine months ended November 30, 2022, the Company used \$850,368 in investing activities as compared to \$338,041 in November 30, 2021. The Company invested \$1,098,287 in marketable securities and \$150,000 in a convertible debenture receivable.

Financing activities

During the nine months ended November 30, 2022, there were no financing activities as compared to \$2,378,401 in November 30, 2021 which consisted of share issuances of \$2,656,249 less share issue cost of \$31,848 and a loan repayment of \$246,000.

Related Party Transactions

- (a) As at November 30, 2022, the Company owed \$Nil (February 28, 2022 - \$21,000) to a company controlled by the Chief Financial Officer of the Company which is included in accounts payable and accrued liabilities. During the nine months ended November 30, 2022, the Company incurred \$47,250 (2021 - \$61,750) in consulting fees to a company controlled by the Chief Financial Officer of the Company.
- (b) During the nine months ended November 30, 2022, the Company incurred \$68,000 (2022 - \$135,417) in consulting fees to the current and former Chief Executive Officer ("CEO") of the Company.
- (c) During the nine months ended November 30, 2022, the Company incurred \$99,000 (2021 - \$118,000) in consulting fees to directors of the Company.

Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

VINERGY CAPITAL INC.

Management's Discussion & Analysis

For the nine months ended November 30, 2022

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- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
 - Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
 - Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments are classified as fair value through profit or loss and measured at fair value using level 1 and 3 inputs. The Company's investment in warrants and convertible note receivable are measured at fair value using Level 2 inputs. The fair values of financial instruments, which include cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and loan payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, share-based payment reserve, equity component of convertible debt, and share subscriptions received.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the year ended February 28, 2022.

Subsequent Events

NA

VINERGY CAPITAL INC.

Management's Discussion & Analysis

For the nine months ended November 30, 2022

Disclosure by Venture Issuer Without Significant Revenue

An analysis of the material components of the Company's general and administrative expenses is disclosed in the unaudited condensed interim financial statements for the six months ended August 31, 2022 to which this MD&A relates.

Disclosure of Outstanding Share Data

Share Capital

As at the date of the MD&A, the Company has 104,923,325 shares issued and outstanding.

Stock Options

As at the date of the MD&A, the Company has 2,000,000 stock options outstanding.

Share Purchase Warrants

As at the date of the MD&A the Company has 23,786,167 share purchase warrants outstanding.